

## Message Text

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DRAFTED BY L/ARA:MGKOZAK:PAT

APPROVED BY L/ARA:MGKOZAK

ARA/CAR - MR. HEAVNER

SEC - MR. HERLIHY (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY NASSAU

C O N F I D E N T I A L STATE 188575

E.O. 11652:N/A

TAGS: PFOR, PINT, BF

SUBJECT: INTERCONTINENTAL DIVERSIFIED COMPANY AND SEC  
INVESTIGATION

REF: NASSAU 1077

1. RE QUESTION RAISED IN REFTEL CONCERNING ST. GEORGE  
ASSERTION THAT CONSENT ORDER WOULD SUBJECT GCOB TO  
JURISDICTION OF U.S. COURTS, DEPARTMENT HAS CONSULTED  
WITH SEC CONCERNING NATURE OF ORDER.

2. GCOB WOULD NOT REPEAT NOT BE PARTY TO THE PROPOSED  
CONSENT ORDER, RATHER, IT WOULD BE ENTERED INTO BY IDC  
AS A CORPORATE ENTITY. BASIC EFFECT OF DECREE WOULD BE  
TO COMMIT IDC TO OBEY SECURITIES LAWS IN FUTURE. COURT  
WOULD HAVE CONTINUING JURISDICTION WITH RESPECT TO TWO  
ASPECTS OF MATTER. FIRST, SHOULD IDC AGAIN VIOLATE  
SECURITIES LAWS, IT COULD BE HELD IN CONTEMPT OF COURT  
UNDER CONSENT ORDER AS WELL AS IN VIOLATION OF LAW.  
SECOND, CONSENT ORDER WOULD REQUIRE IDC TO APPOINT A  
SPECIAL INVESTIGATOR TO CONDUCT A THOROUGH INVESTIGATION  
OF ITS PAST ACTIVITIES AND REPORT TO THE SEC ANY  
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POSSIBLE VIOLATIONS THAT MAY HAVE BEEN COMMITTED. IF

INVESTIGATION WAS NOT CARRIED OUT IN GOOD FAITH, COURT  
COULD FIND IDC IN CONTEMPT OF ORDER.

3. EMBASSY MAY INFORM ST. GEORGE AND OTHER APPROPRIATE  
GCOB OFFICIALS THAT UNDER U.S. LAW, CORPORATION HAS  
A PERSONALITY SEPARATE AND DISTINCT FROM THAT OF ITS  
STOCKHOLDERS. THUS, IDC AGREEMENT TO DECREE WOULD NOT  
REPEAT NOT BE CONSIDERED TO INVOLVE ANY EXERCISE OF  
JURISDICTION OVER GCOB, MOREOVER, CONSENT ORDER WOULD NOT  
IN ANY WAY AFFECT SOVEREIGN RIGHT OF GCOB TO EXERCISE  
JURISDICTION OVER IDC, SINCE IT RELATES ONLY TO THE  
REPORTING REQUIREMENTS OF THE FEDERAL SECURITIES LAWS.  
IN OUR VIEW CONSENT ORDER SEEMS PREFERABLE FROM STAND-  
POINT OF BOTH GOVERNMENTS TO LITIGATION AND ATTENDENT  
PUBLICITY. ACCORDINGLY WE HOPE IDC WILL CONTINUE TO  
WORK WITH SEC TO DEVELOP A MUTUALLY ACCEPTABLE CONSENT  
ORDER. KISSINGER

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## Message Attributes

**Automatic Decaptoning:** X  
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